

## **FISCAL NOTE**

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 28, 1995

SUBJECT: **SB 453 - HB 522**

This bill, if enacted, will enact the *Tennessee Vacation Club Act of 1995*. This Act only applies to sellers of vacation club interests which are sold to the general public and originate in, or are in, Tennessee.

The Tennessee Vacation Club Act becomes a part of the Tennessee Time Share Act of 1981 by adding vacation club interest into that act and defining such interests in a vacation club.

The Act requires a developer of such interests to create or provide a computer reservation system necessary to satisfy the owner's reasonable expectations and must certify to the Tennessee Real Estate Commission that the system is fully operative.

The developer of a vacation club interest must be registered with the Tennessee Real Estate Commission, pay required fees and be subject to rules, regulations and the authority of the commission. Prior to offering any vacation club interests, the developer is to provide to the commission satisfactory evidence of the existence of time-share intervals that are part of the club; the marketing plan; proof of ownership or a leasehold estate of the time-share intervals; and satisfactory proof of

compliance with this bill including a public offering statement, escrow of deposits, cancellation rights; advertising and promotional efforts.

The fiscal impact from enactment of this bill is estimated to be an increase in state expenditures of approximately \$27,000 for an additional staff position and related expenses. Details are shown below:

Clerk III	\$13,440
Benefits	3,360
Printing, postage, miscellaneous office	<u>10,000</u>
Increase in State Expenditures	<u>\$26,800</u>

Enactment of this bill is also estimated to result in an increase in state revenues due to the collection of registration fees. Such increase is estimated not to be significant.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James A. Davenport, Executive Director